

**Cost Control and Program Integrity**  
***Recommendation for Award of Contract***  
***March 18, 2016***

**Background**

- November 23, 2015 – A Request for Proposal (RFP) was released that sought audit services of medical and prescription claims from an independent firm. No bids were received.
- January 11, 2016 – A revised RFP was released which more clearly stated the scope of work and allowed vendors to propose timeline for work. Vendors could bid on either or both audit types (medical and prescription), were required to have a depth of experience with accounts of similar size for both their organization and the personnel that would be assigned to the project and provide a realistic timeline/detailed project management plan.
- Scope of Services (for Both Audits) –
  - Electronic Audit - In order to determine if there were errors in processing claims in accordance with the plan designs and using statistically solid methods, an electronic review of 100% of two years of claims (FY14 and FY15) was requested.
  - Operational Audit - An operational review of a statistically appropriate sample was also requested in order to evaluate the day-to-day administrative policies, procedures, and internal quality control measures to insure claims are processed and paid correctly.
  - On-Site Reviews – For the vendors to review claim discrepancies and conduct an operational audit, the vendors must be willing to meet the carriers' condition for an on-site meeting at their location.
  - Rebate Audit - For the prescription audit, vendors were required to audit the rebates to ensure the State was receiving the correct pass-through credit (also an on-site meeting with the carrier).
- February 5, 2016 – The Statewide Benefits Office (SBO) received bid responses from seven vendors:
  - Prescription only - The Burchfield Group
  - Medical only - Health Decisions, Health Management Systems, Inc. (HMS), and Sagebrush Solutions
  - Medical and Prescription - Milliman, Inc., Claim Technologies Incorporated (CTI) with subcontractor Tricast for prescription, and Healthcare Horizons Consulting Group, Inc. with subcontractor HealthLinx for prescription

- All the vendors met the minimum requirements and were invited to interview. Medical audit vendors that used subcontractors for a prescription audit confirmed that they would accept an award of only the medical audit if offered.
- During the interviews, the vendors were asked to provide a project management timeline that reflected their electronic and operational review methods along with a sample final report.
- March 15 and 16, 2015 – Finalist interviews were conducted.
- The PRC recommends that the contract for the medical claims audit be awarded to Claim Technologies Incorporated (CTI) along with their subcontractor, Tricast, for the prescription claims audit as follows:
  - The coordination of the medical and prescription audits for review of the appropriateness of prescription drugs purchased through a medical provider is an advantage to the State.
  - Both CTI and Tricast offered the lowest fee along with a discount for the award of both audits. Additionally, both vendors offered a 1.5% rate cap for additional years throughout the term of the contract.
  - CTI and Tricast demonstrated that their electronic and operational review processes are thorough and meet the SEBC's expectations as set forth in the scope of work.
  - Both organizations and project management personnel have a depth of experience with clients of similar size for Highmark, Aetna, and Express Scripts. CTI was the only vendor with experience specifically with Highmark Delaware.
  - Both organizations offered performance guarantees, received excellent references, and provided sample final reports that were clear and comprehensive.

### **Recommendation**

RESOLVED that with respect to the award of a contract pursuant to the Request for Proposal for Cost Control and Program Integrity Review, the Proposal Review Committee recommends to the State Employee Benefits Committee as follows:

- Contract award to Claim Technologies Incorporated (CTI) for medical claims audit services along with a contract award to their subcontractor, Tricast, for the prescription claims audit for an initial term of six months or until the scope of work is performed to the State's satisfaction. At the State's discretion, the contract may be extended for up to five (5) years with a guarantee of a 1.5% rate cap for each year.
- Such award shall be subject to approval of DTI's terms and conditions for data security and a finalized contract which shall include performance guarantees.